

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 CIAE-00 COME-00 EB-07 INR-07

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2092

INFO AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

USMISSION NATO

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

C O N F I D E N T I A L LISBON 1428

E.O. 11652: GDS

TAGS: ELAB, EFIN, PO

SUBJECT: INSURANCE WORKERS CALL FOR NATIONALIZATION OF

INSURANCE INDUSTRY

1. PORTUGUESE INSURANCE WORKERS MET EVENING MARCH 12 TO DISCUSS
CONTRACT NEGOTIATIONS AND NATIONALIZATION OF INSURANCE INDUSTRY.
MEETING FOLLOWED INCREASINGLY COMMON COMMUNIST TACTIC OF
PROLONGING DISCUSSION UNTIL PARTY FAITHFUL HAVE MAJORITY.
ATTENDANCE DWINDLED FROM 800 AT BEGINNING OF MEETING TO 150
AT TIME VOTE ON NATIONALIZATION WAS TAKEN AT 5:00 A.M. MARCH 13.
EVEN SO, MOTION CALLING FOR NATIONALIZATION RECEIVED ONLY
90 VOTES VERSUS 60 OPPOSING.

2. INSURANCE WORKERS' UNION IS PRESENTLY DEMANDING A THIRTY
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PERCENT WAGE INCREASE. MANAGER'S ASSOCIATION HAS OFFERED TWENTY

PERCENT. BOTH SIDES ARE STANDING FIRM. MANAGEMENT IS SEEKING CONCILIATORY INTERVENTION BY MINISTRY OF FINANCE; UNION WISHES TO TAKE ISSUE TO MINISTRY OF LABOR.

3. BRITISH INSURANCE EXECUTIVE MAINTAINS MANY PORTUGUESE INSURANCE FIRMS, WHICH FREQUENTLY OPERATE IN CONJUNCTION WITH BANKS, WOULD HAVE DIFFICULTY MEETING EVEN TWENTY PERCENT WAGE INCREASE. (THIS STATEMENT MADE MARCH 13 PRIOR TO BANK NATIONALIZATION.) SOURCE THOUGHT THAT FOREIGN COMPANIES DEALING IN INSURANCE (MOST OF WHICH ARE BRITISH) COULD WELL WITHSTAND A STRIKE DUE TO THE DIVERSIFIED NATURE OF THEIR BUSINESSES.

4. COMMENT: NATIONALIZATION OF BANKS OBVIOUSLY PUTS BIG TEETH INTO INSURANCE WORKERS' RESOLUTION CALLING FOR NATIONALIZATION, ESPECIALLY DUE TO HIGH DEGREE OF INTEGRATION OF THE TWO INDUSTRIES IN PORTUGAL. SIGNS CALLING FOR INSURANCE NATIONALIZATION HAVE APPEARED ON LISBON STREETS MARCH 14.

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